

Oil and Gas Division

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Department of Mineral Resources

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North Dakota Industrial Commission

www.oilgas.nd.gov

FULL NOTICE OF INTENT TO ADOPT AND AMEND ADMINISTRATIVE RULES

TAKE NOTICE that the North Dakota Industrial Commission, Department of Mineral Resources, Oil and Gas Division, will hold a public hearing to address proposed amendments and additions to the North Dakota Administrative Code (NDAC) at 9am on September 4th, 2007 in the Conference Room of the Oil & Gas Division Building, 1016 E. Calgary Avenue, Bismarck, North Dakota. The proposals are summarized below:

The purpose of the proposed amendments to NDAC § 43-02-03-01 is to remove definitions that are proposed to be removed from the rules and also define a new term introduced by the past legislature. The proposed amendments remove definitions to proration terms and phrases and defines occupied and permanently occupied dwelling. The proposed amendment will not have an impact on the regulated community in excess of \$50,000.

The purpose of the proposed amendment to NDAC § 43-02-03-16.3 is to eliminate ambiguity in the rule. The proposed amendment clarifies the risk penalty can be obtained if a well has already spud or is completed. The proposed amendment will provide an economic benefit to the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-18.1 is to reduce the financial burden of notifying all affected parties of an exception location. The proposed amendment eliminates the requirement of notifying affected parties by certified or registered mail, but still requires notice to such affected parties. The proposed amendment will provide an economic benefit to the regulated community.

The purpose of the proposed amendments to NDAC § 43-02-03-19 is to eliminate ambiguity in the rule and to require waiver from surface owners at the time the well site is reclaimed. The proposed amendments allow the Director to require more stringent pit construction and require a waiver to leave road after the well is plugged, not upon completing the well. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000.

The purpose of the proposed amendment to NDAC § 43-02-03-22 is to eliminate ambiguity in the rule. The proposed amendment clarifies the Director can require a pressure test to verify casing integrity if it's questionable. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000.

The purpose of the proposed amendments to NDAC § 43-02-03-28 is to provide additional flexibility in locating equipment on production sites and to comply with recent legislation passed. The proposed amendments allow treaters to be located as close as 125 feet to a well if a flame arrestor is utilized on the flare stack and requires wells to be located at least 500 feet from occupied dwellings pursuant to recently passed legislation in House Bill 1229. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and the treater allowance will actually provide an economic benefit to the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-30 is to require written reports when details of the cleanup are available. The proposed amendment requires the written report to follow-up verbal notification within 10 days after cleanup. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000.

The purpose of the proposed amendments to NDAC § 43-02-03-31 is to eliminate ambiguity in the rule and allow more information to the legislature and general public on confidential wells. The proposed amendment clarifies that open-hole logs are required and provides that the spacing or drilling unit is not subject to the six-month confidentiality period. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000.

The purpose of the proposed amendment to NDAC § 43-02-03-55 is to provide industry an incentive to plug wells they do not plan to utilize. The proposed amendment imposes a \$100 fee to temporarily abandon a well or renew such status. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000.

The purpose of the proposed amendment to NDAC § 43-02-03-63 is to outline circumstances that would warrant state-wide oil proration. The proposed amendment allows an oil proration hearing is total production significantly exceeds demand and undue discrimination is occurring. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and will actually benefit the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-64 is to update rules that will provide necessary curtailment of production, if oil proration is deemed necessary. The proposed amendment removes underproduction, fractional units and designates the spacing unit as the proration unit. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and will actually benefit the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-65 is to update rules that will provide necessary curtailment of production, if oil proration is deemed necessary. The proposed amendment removes marginal units and back allowables. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and will actually benefit the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-66 is to update rules that will provide necessary curtailment of production, if oil proration is deemed necessary. The proposed amendment allows discovery wells to produce at a maximum efficient rate for 18 months, instead of the first four wells being allowed to produce at a rate of up to 200 barrels of oil per day for 18 months. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and will actually benefit the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-67 is to update rules that will provide necessary curtailment of production, if oil proration is deemed necessary. The proposed amendment eliminates proportional factors set by the depth of a well. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and will actually benefit the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-68 is to update rules that will provide necessary curtailment of production, if oil proration is deemed necessary. The proposed amendment eliminates fractional units, marginal units and top allowables. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and will actually benefit the regulated community.

The purpose of the proposed amendment to NDAC § 43-02-03-69 is to update rules that will provide necessary curtailment of production, if gas proration is deemed necessary. The proposed amendment eliminates fractional units. The proposed amendment is not expected to have an impact on the regulated community in excess of \$50,000 and will actually benefit the regulated community.

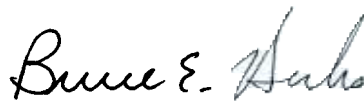
The purpose of the adoption of NDAC Chapter 43-02-04.1 is to provide for rules and regulations pertaining to the geologic storage of carbon dioxide. The proposed rules provide for a declaration of policy, definitions, general requirements, protection for carbon dioxide escape, eminent domain, cooperative agreements with other governmental agencies, site access, a storage project permit, amendments to project permits, subsurface rights of the operator, well permit applications, permit expiration, well operational standards, amendments to well permits, safety plans, leak detection and reporting, project requirements, and the project closure and well plugging. The proposed adoption is expected to have an impact on the regulated community in excess of \$50,000.

The purpose of the proposed amendment to NDAC § 43-02-12-06 is to eliminate ambiguity in the rule. The proposed amendment clarifies the Director has authority to cease field geophysical exploration operations if such actions are causing excessive or irreparable damage to the surface of the land. The proposed adoption is not expected to have an impact on the regulated community in excess of \$50,000.

The proposed rules may be reviewed at the office of the Oil & Gas Division at 1016 East Calgary Avenue, Bismarck, ND, or online at <https://www.dmr.nd.gov/oilgas/>. A copy of the proposed rules and/or a regulatory analysis may be requested by writing the above address or calling (701) 328-8020. Written and oral comments on the proposed rules sent to the above address and phone number and received by 5pm, September 14th, 2007, will be fully considered.

If you plan to attend the public hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Industrial Commission at (701) 328-8038, or write the Oil & Gas Division at the above address, no later than August 21st, 2007.

Dated this 2nd day of August, 2007.

A handwritten signature in dark ink, appearing to read "Bruce E. Hicks". The signature is fluid and cursive, with the first name "Bruce" being the most prominent.

Bruce E. Hicks
Assistant Director